

**ASSEMBLY BILL**

**No. 5**

**Introduced by Assembly Member Cogdill**

December 2, 2002

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An act to add Sections 96.11, 96.12, and 96.13 to the Revenue and Taxation Code, relating to local government finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 5, as introduced, Cogdill. Local government finance: property tax apportionment.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenue to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing property tax law also reduces the amounts of ad valorem property tax revenue that would otherwise be annually allocated to the county, cities, and special districts pursuant to these general allocation requirements by requiring, for purposes of determining property tax revenue allocations in each county for the 1992–93 and 1993–94 fiscal years, that the amounts of property tax revenue deemed allocated in the prior fiscal year to the county, cities, and special districts be reduced in accordance with certain formulas. It requires that the revenues not allocated to the county, cities, and special districts as a result of these reductions be transferred to the Educational Revenue Augmentation Fund in that

county for allocation to school districts, community college districts, and the county office of education.

This bill would deem to be correct those property tax revenue apportionment factors applied to property tax revenues in the County of Tuolumne for each fiscal year to the 2000–01 fiscal year, inclusive, and would thereafter require that property tax revenue apportionments be made in that county on the basis of prior apportionment factors that have been corrected, as provided, as would be required in the absence of this bill. This bill would also require the auditor in the County of Tuolumne, from the 2003–04 fiscal year to the 2013–14 fiscal year, inclusive, to decrease the amount of property tax revenue apportionments to overpaid local agencies, as defined, that received property tax apportionments for the 1994–95 fiscal year to the 1999–2000 fiscal year, inclusive, that were higher than the apportionments required by law, and to increase the property tax apportionments allocated to the Educational Revenue Augmentation Fund in the County of Tuolumne by these same amounts.

This bill would also, in the 2004–05 fiscal year and in each of the next 4 immediately succeeding fiscal years, require the auditor controller of the County of Madera to allocate to that county’s Educational Revenue Augmentation Fund an additional fifty thousand dollars (\$50,000) to compensate for errors, identified by a state Controller’s audit, in the allocation of property tax revenues to that fund in the 1993–94 fiscal year. This bill would also, upon payment of these amounts, deem to be correct those property tax revenue apportionment factors applied to property tax revenues in the County of Madera in the 1993–94 fiscal year.

This bill would make legislative findings and declarations as to the necessity of a special statute.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 96.11 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 96.11. Notwithstanding any other provision of law, except as
- 4 otherwise provided in Section 96.12, the property tax



1 apportionment factors applied to property tax revenues in the  
2 County of Tuolumne for each fiscal year to the 2000–01 fiscal  
3 year, inclusive, are deemed to be correct. However, for the  
4 2001–02 fiscal year and each fiscal year thereafter, property tax  
5 apportionment factors applied to property tax revenues in the  
6 County of Tuolumne shall be determined on the basis of property  
7 tax apportionment factors for prior fiscal years that have been fully  
8 corrected and adjusted, pursuant to the review and  
9 recommendation of the Controller, as would be required in the  
10 absence of the preceding sentence.

11 SEC. 2. Section 96.12 is added to the Revenue and Taxation  
12 Code, to read:

13 96.12. (a) Notwithstanding any other provision of law, for  
14 the 2003–04 fiscal year and each of the next nine following fiscal  
15 years, the auditor for the County of Tuolumne shall do both of the  
16 following:

17 (1) Decrease the total amount of property tax revenue  
18 apportioned to each overpaid local agency by one-tenth of that  
19 local agency’s repayment amount.

20 (2) Increase the amount of property tax revenue apportioned to  
21 the Educational Revenue Augmentation Fund in the County of  
22 Tuolumne by the combined total of the apportionment decreases  
23 required by paragraph (1).

24 (b) For purposes of this subdivision:

25 (1) “Overpaid local agency” means a local agency in the  
26 County of Tuolumne, other than the county itself, that the  
27 Controller’s 2001 audit has determined to have been apportioned,  
28 for the 1994–95 fiscal year to the 1999–2000 fiscal year, inclusive,  
29 a total amount of property tax revenue that is more than the total  
30 amount of property tax revenue that was required by law to be  
31 apportioned to that agency for that same period.

32 (2) “Repayment amount” means, for any overpaid local  
33 agency, the lesser of:

34 (A) The amount of property tax revenue that was determined  
35 by the Controller’s 2001 audit to have been overpaid to that local  
36 agency for the 1994–95 fiscal year to the 1999–2000 fiscal year,  
37 inclusive.

38 (B) One percent of the total amount of property tax revenue  
39 derived from the application of a 1 percent rate to real property

1 shown on the fiscal year 1999–2000 original secured tax roll and  
2 located within the jurisdiction of that agency.

3 SEC. 3. Section 96.13 is added to the Revenue and Taxation  
4 Code, to read:

5 96.13. (a) In the 2004–05 fiscal year and in each of the four  
6 next following fiscal years, the auditor controller of the County of  
7 Madera shall allocate an additional fifty thousand dollars  
8 (\$50,000) to the county’s Educational Revenue Augmentation  
9 Fund to compensate for errors identified by the Controller’s audit  
10 of August 11, 2001, in the allocation of ad valorem property tax  
11 revenue to that fund.

12 (b) Notwithstanding any other provision of law, upon  
13 completion of the allocation required by subdivision (a), the  
14 property tax apportionment factors applied to property tax  
15 revenues in the County of Madera for the 1993–94 fiscal year shall  
16 be deemed to be correct.

17 SEC. 4. The Legislature finds and declares that a special law  
18 is necessary and that a general law cannot be made applicable  
19 within the meaning of Section 16 of Article IV of the California  
20 Constitution because of the uniquely severe fiscal difficulties  
21 being suffered by certain local agencies in the County of Madera  
22 and the County of Tuolumne.

23 SEC. 5. This act is an urgency statute necessary for the  
24 immediate preservation of the public peace, health, or safety  
25 within the meaning of Article IV of the Constitution and shall go  
26 into immediate effect. The facts constituting the necessity are:

27 In order to make certain that essential corrections in property tax  
28 revenue apportionment factors are applied in apportioning  
29 property tax revenues in the County of Madera and the County of  
30 Tuolumne for the 2003–04 fiscal year, it is necessary that this act  
31 take effect immediately.

